

Message Text

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ACTION FEA-01

INFO OCT-01 EUR-12 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7310

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: NATIONAL OIL COMPANIES

REF: STATE 009029

1. REFTEL REQUESTS INFORMATION ON RELATIVE IMPORTANCE OF NATIONALLY-CONTROLLED (PRIVATE OR PUBLIC) OIL COMPANIES IN DOMESTIC MARKETS. DETAILED QUESTIONS IN THIS CONTEXT ARE NOT PERTINENT TO BRITAIN INASMUCH AS THERE DOES NOT YET EXIST AN ENTITY WHICH CAN BE CALLED A NATIONALLY-CONTROLLED OIL COMPANY. LABOR GOVERNMENT WHITE PAPER OF JULY 11, 1974 PROPOSED ESTABLISHMENT OF A BRITISH NATIONAL OIL COMPANY WHICH, IN ADDITION TO ASSUMING MAJORITY STATE PARTICIPATION INTEREST IN PROVEN FIELDS DISCOVERED UNDER EXISTING LICENSES, WOULD HAVE LONGER-TERM POTENTIAL FOR INVOLVEMENT IN ONSHORE PETROLEUM DISTRIBUTION AND MARKETING ACTIVITIES. NO FOLLOW-UP LEGISLATION HAS BEEN SUBMITTED AS YET.

2. WITH REGARD TO BRITISH PETROLEUM, IT IS AN INTERNATIONAL RATHER THAN A NATIONAL OIL COMPANY SUBJECT TO HMG INFLUENCE BUT NOT TO GOVERNMENT CONTROL. THIS IS TRUE DE LIMITED OFFICIAL USE

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SPITE FACT HMG OWNS 48.2 PERCENT OF BP'S OUTSTANDING

SHARES (IN ADDITION TO 2L.6 PERCENT OF BP SHARES OWNED BY BURMAH OIL WHICH BANK OF ENGLAND NOW HOLDS AS COLLATERAL AS A CONSEQUENCE OF RECENT FINANCIAL RESCUE OPERATION). TWO GOVERNMENT APPOINTED REPRESENTATIVES ON BP BOARD OF DIRECTORS DO NOT INVOLVE THEMSELVES IN COMMERCIAL POLICY MATTERS.

3. IN SHORT, HMG DOES NOT RESERVE ANY PORTION OF ITS DOMESTIC MARKET FOR NATIONALLY-CONTROLLED OIL COMPANIES NOR ARE THERE ANY REQUIREMENTS RESERVING CERTAIN PERCENTAGES OF CRUDE OIL OR IMPORTS TO NATIONALLY-CONTROLLED COMPANIES. AS A PRACTICAL MATTER, THE COMBINED SHELL MEX-BP MARKETING ARRANGEMENT IN BRITAIN, WHICH LONG CONTROLLED A SUBSTANTIAL SHARE OF THE UK DOMESTIC MARKET, HAS BEEN DIVIDED INTO TWO SEPARATE SHELL AND BP MARKETING ORGANIZATIONS. TOGETHER WITH ESSO UK LTD. THEY HAVE A SUBSTANTIAL BUT UNRESERVED PORTION OF THE TOTAL MARKET.

4. FINAL FIGURES ON TOTAL DOMESTIC CONSUMPTION FOR 1974 IS NOT AVAILABLE BUT IS LIKELY TO RUN AT APPROXIMATELY 2 MILLION BARRELS A DAY.

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